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BY THE COMPTROLLER GENERAL

Report To The Chairman, Committee On The Budget U.S. House Of Representatives OF THE UNITED STATES

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ORIGINAL

Assessment Of The Administration's Actions And Proposals For Budgetary Savings In Fiscal Years 1982-83

The Reagan Administration included about $2 billion in savings to be achieved through improved administrative practices in the fiscal year 1982 budget. Since then, the Administration has implemented a number of actions to achieve these savings. As a result, it appears that $2.8 billion in savings will be achieved in fiscal year 1982. GAO will continue to monitor the Administration's progress in these areas.

The fiscal year 1983 budget includes $20.3 billion in proposed savings based on certain management initiatives. These proposals require legislative and administrative action. GAO believes the most attainable and supportable savings are in the areas of debt and tax collection. Additional documentation is necessary to support the Administration's savings estimates in some of the other areas.

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

B-202447

The Honorable James R. Jones
Chairman, House Budget Committee
U.S. House of Representatives

Dear Mr. Chairman:

In response to your request of February 24, 1982, we are providing information on the status of the Administration's efforts to achieve savings in fiscal year 1982. Savings were to be realized as a result of improvements in the 10 areas of administrative practices covered in the Committee's report on the First Concurrent Resolution on the fiscal 1982 budget. In addition, as you requested, we have assessed the Administration's estimates for savings to be achieved by management initiatives proposed in the fiscal year 1983 budget.

With regard to fiscal year 1982 savings, both we and the House Budget Committee reported that budgetary savings could be achieved by improving administrative practices for the following items.

--Delinquent accounts and loans receivable.

--Unpaid taxes.

--Unresolved audit findings.

--Paperwork reduction.

--Defense logistical economies.

--Defense multiyear contracting.

--Full cost recovery of foreign military sales.

--Workforce cost controls.

--General procurement and property management.

--Replacement of obsolete computers.

As you are aware, the Administration took the position that attainable savings had already been included in the budget for many of these items and that savings for the others were not attainable in fiscal year 1982.

The fiscal year 1983 budget includes savings proposals that the Administration projects will accrue as a result of the following management initiatives.

--Prevention of fraud, waste, and abuse.

--Debt collection.

--Federal employment reduction.

--Federal property disposition.

--Accelerated Outer Continental Shelf (OCS) leasing.

--Federal pay restraint.

--Improved asset sale management.

--Revised Federal Housing Administration (FHA) mortgage insurance payments.

--Improved tax collection and enforcement.

The initiatives for prevention of fraud, waste, and abuse; debt collection; and improved tax collection are a continuation and expansion of efforts initiated in fiscal year 1982. The other initiatives constitute new savings proposals.

OBJECTIVES, SCOPE, AND METHODOLOGY

In this report we are providing information on (1) the Administration's efforts to achieve savings in fiscal year 1982, and (2) the Administration's savings proposals for fiscal year 1983. Our work was performed in accordance with our current Standards for Audit of Government Organizations, Programs, Activities, and Functions. We are not providing a comprehensive evaluation and analysis of the Administration's efforts at this time because this would require indepth audit and analysis of each of the initiatives. We have reviews underway which will provide this kind of an assessment for several of the Administration's initiatives.

We obtained the information contained in this report through followup with agency and Office of Management and Budget (OMB) officials and through our ongoing work in these subject matter areas. The data have been discussed with your staff during the past month and copies of preliminary data were provided to them for their use in preparation for actions on the budget. Based on the results of this ongoing work, we will periodically apprise you of the Administration's progress.

We encountered difficulties in assessing the feasibility of the Administration's proposals because of inconsistent and incomplete supporting data. For example, the data for fiscal year 1982

and 1983 presented in the 1983 Budget does not always agree with the data presented in Major Themes and Additional Budget Details for the same item. In some cases the data in the Budget are complete and in others, the data in Themes are complete. Additionally, the budget documents include gross receipts in some places and net savings in others. Agency officials could not always answer our questions regarding the data included in the President's budget or the Administration's legislative proposals.

Supporting detail was not readily available to verify OMB's estimates, for all of the initiatives. Where we could quickly obtain data from the agencies and OMB to further explain the Administration's estimates, we provided them in the report. These data should be recognized as the Administration's explanation of the estimates, and do not constitute our estimates. While we have not attempted to develop our own estimates for the Administration's savings proposals, we have attempted to explain the Administration's estimates and we have commented generally on whether we think the estimates are realistic or whether they are overly optimistic. Accordingly, we have not validated the Administration's estimates but rather, we have rendered our judgment as to the reasonableness of the estimates based on our prior work.

STATUS OF THE ADMINISTRATION'S FISCAL YEAR 1982 EFFORTS

The Administration has revised its estimates of potential savings and collections that can be achieved in fiscal year 1982. The savings estimates for fiscal year 1982 have increased from $2 billion to about $2.8 billion. Increases in the estimates for debt collection, unresolved audit findings, and foreign military sales account for the major portion of this increase. The estimate for collection of unpaid taxes has increased slightly while the quantifiable estimates for paperwork reduction and defense logistical economies have decreased. The Congress reduced the fiscal year 1982 appropriations for foreign military sales by $82 million to achieve savings in this area. The Administration's revised fiscal year 1982 estimates reflect no savings from multiyear contracting, workforce cost controls, Government-wide procurement, and replacement of obsolete computers. Additionally, while Administration officials informally agreed that an additional $100 million in savings will accrue as a result of changes in the interest rate charged on unpaid taxes, OMB did not include this savings in the amount shown in the budget for collection of unpaid taxes in fiscal 1982. Potentially, an additional $100 million in savings could accrue beyond the Administration's savings estimates for this item. The majority of the amounts of alleged oil pricing violations that are being settled are being resolved through price rollbacks to consumers. It is too soon to identify amounts which could go to the Government as fiscal year 1982 receipts.

The Administration has continued to give high priority to efforts to collect debts and unpaid taxes owed the Government. Savings to be achieved as a result of resolution of unresolved

audit findings and reduction of paperwork are difficult to estimate because of the lack of available data or systems to monitor progress and accurately measure the savings. We believe that considerable savings could be realized from improvements in Defense logistics, multiyear contracting, and foreign military sales. To the extent that the Department of Defense (DOD) continues to disagree with our recommendations to take appropriate administrative action, these savings will not be realized. Finally, savings can be achieved in the area of Government-wide procurement if a uniform procurement system is created and the Office of Federal Procurement Policy (OFPP) closely monitors competitive procurement in both DOD and the civil agencies.

We will continue to monitor the Administration's progress in these areas. Quarterly reports to the Treasury Department are required under the debt collection program, and a system is in place. However, the Administration has not developed systems or processes for monitoring savings resulting from improved practices in the other administrative categories. We are currently monitoring disposition of refunds resulting from oil pricing violations. At the Committee's request, we will be reviewing the Administration's efforts in the areas of debt collection and fraud, waste, and abuse. Additionally, our Defense task force is continuing to analyze Defense spending and will be making recommendations on possible savings. Data on fiscal year 1982 accomplishments should be available in time for the Committee's consideration of the fiscal year 1984 budget. See appendix I for details on the fiscal year 1982 estimates.

ASSESSMENT OF THE ADMINISTRATION'S FISCAL YEAR 1983 PROPOSALS

The Administration has proposed savings of $20.3 billion in fiscal year 1983--including $14.8 billion in outlay reductions and $5.5 billion in increased tax receipts. Of the $20.3 billion in estimated savings, $3.9 billion, or about 19 percent, will require changes in legislation. To achieve the savings that require legislative action, the Congress will have to act on the the following proposals:

--Debt collection legislation currently pending in the Congress will have to be enacted. The Senate has passed S. 1249 and comparable legislation is being considered in the House. The Administration projects that passage of this legislation could result in $500 million in fiscal 1983 savings.

--Amendments to tax legislation will be needed to achieve increases of $3.4 billion in tax receipts. The Administration's legislative proposals include provisions to speed up collection of corporate taxes and to withhold taxes on interest and dividend earnings.

It is difficult to determine whether the Congress will approve

these legislative proposals or how quickly they will pass.

For the initiatives requiring administrative action, several (Federal property disposition, accelerated OCS leasing, and improved asset sale management) are based on purchases by non-Federal buyers. Achieving the savings projected by the Administration for these items would require a volume of activity well beyond what has occurred in the past. Additionally, OMB has not provided adequate explanation in the budget to support savings estimates for prevention of fraud, waste, and abuse; Federal property disposition; improved asset sale management; and revised FHA mortgage insurance payments.

The Congressional Budget Office (CBO) has questioned $5.2 billion of the savings estimated to result from accelerated OCS leasing. The remaining $11.2 billion of the projected savings is dependent upon (1) the success of administrative actions, (2) the extent to which non-Federal buyers support sales of Federal property and mortgage assets, and (3) an acceleration in OCS leasing. See appendix II for details on 1983 estimates.

CONCLUDING OBSERVATIONS

Overall, we believe most attainable and supportable savings estimates for fiscal years 1982 and 1983 are in the area of debt and tax collection. Additional documentation is necessary to support the Administration's estimates in some of the other areas. Moreover, we feel that significantly larger savings could be achieved for the Defense-related areas if the Department of Defense implements our audit findings and recommendations. A list of reports containing our audit findings and recommendations for all of the items covered in this report is included in appendix III.

Achieving these budgetary savings depends upon aggressive action by OMB and the executive agencies and continued congressional monitoring and followup to assure that the projected savings are being achieved.

Sincerely yours,

Charles A. Bowsher

Comptroller General
of the United States

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STATUS OF ADMINISTRATIVE SAVINGS PROJECTED FOR FISCAL YEAR 1982

Last year, both we and the House Budget Committee estimated potential savings and collections for fiscal year 1982 to be about $4.9 billion based on administrative and legislative action to improve Government administrative functions. The Office of Management and Budget (OMB) indicated in an April 9, 1981, letter to Chairman Jones that about $2 billion of the proposed savings were included in the President's budget for fiscal year 1982 and that the remaining savings could not be achieved in fiscal 1982.

Based on actions accomplished and planned to date, the Administration and the Department of Defense have revised their estimates of potential savings and collections that can be achieved in fiscal year 1982. As a result, the Administration's estimates for fiscal year 1982 have increased from $2 billion to about $2.8 billion. Increases in the estimates for debt collection, unresolved audit findings, and foreign military sales account for the major portion of this increase. Table 1 explains the changes in fiscal year 1982 estimates.

ASSESSMENT OF THE ADMINISTRATION'S SAVINGS EFFORTS TO DATE

For the most part, data on fiscal year 1982 savings to date are not readily available. While quarterly reports to the Treasury Department are required under the debt collection program, and a system is in place, the Administration has not developed systems or processes for monitoring savings resulting from improved practices in other administrative categories. We are currently monitoring disposition of refunds resulting from oil pricing violations. At the Committee's request, we will be reviewing the Administration's efforts in the areas of debt collection and fraud, waste, and abuse. Data on fiscal year 1982 accomplishments should be available in time for the Committee's consideration of the fiscal year 1984 budget. Additionally, our Defense task force is continuing to analyze Defense spending and will be making recommendations on possible savings.

The following discussion updates the status of action on administrative savings projected in the fiscal year 1982 budget.

Debt collection

Last year the Administration stated it assumed savings of about $1 billion in the budget for fiscal year 1982 which would result from implementation of its debt collection program. The fiscal year 1983 budget includes savings of $1.3 billion for fiscal year 1982. These savings are distributed in agency accounts and can result from aggressive administrative action.

In general, there are two basic reasons why debt collection in the Federal Government has not kept pace with the increasing

Table 1

Fiscal Year 1982 History of Savings from Improved Administrative Practices
(dollars in millions)

Administrative Practice	GAO 4/3/81 FY 1982 Savings Estimate	OMB 4/9/81 Explanation of Amounts: Claimed to be Double Counting in FY 1982 Budget	OMB 4/9/81 Explanation of Amounts: Claimed Unattainable in FY 1982	Administration Estimate of FY 1982 Savings in FY 1983 Budget
Debt collection	$1,000	$1,000	$-----	$1,310
Interest	100	-----	100	----- a/
Unpaid taxes	300	210	300	230
Interest	400	-----	400	----- a/
Unresolved audit findings:				
Energy	1,490	-----	1,490	----- b/
Other	530	530	-----	1,000
Paperwork reduction:				
Davis-Bacon & Services Contract Acts	200	200	-----	100 c/
Defense logistics	300	100	200	75 d/
Multiyear contracting	150	-----	150	-----
Foreign military sales	300	-----	300	82 e/
Workforce cost controls	-----	-----	-----	-----
Government-wide procurement	-----	-----	-----	-----
Obsolete computers	100	-----	100	-----
Total	$4,850	$2,040	$3,040	$2,797
		$5,080		

a/OMB did not include estimates for interest.
b/OMB does not anticipate recoveries from unresolved audits for oil companies in FY 82.
c/Department of Labor estimate based on regulatory changes in process.
d/Department of Defense goal.
e/Amount of reduction in fiscal year 1982 appropriations.

number of debts. First, many agencies have not aggressively attempted to collect amounts owed the Government. Debt collection has generally been afforded low priority with the emphasis on disbursing the funds rather than collecting them. Second, present collection methods are expensive, slow, and ineffective when compared with commercial practices. We have identified specific weaknesses in debt collection programs and have recommended a number of specific corrective actions to improve the recording and collection of debts owed to the Government. The recommendations, unfortunately, have not always been implemented.

Before the Government's debt collection problems can be remedied, however, many actions--administrative and legislative--must be taken. The President, in a memorandum dated April 23, 1981, directed the heads of executive branch agencies and departments to develop and implement an aggressive debt collection program by (1) designating an official with responsibility and authority for debt collection, (2) preparing a detailed review of current debt issues and outlining the action to be taken to resolve the issues and a timetable for completion of the action by September 30, 1981, and (3) submitting an annual progress report on the results of the review to the Director of OMB beginning in September, 1982. To date, the 24 major departments and agencies that account for over 95 percent of the debts owed the Government have designated an official responsible for debt collection. Further plans have been developed detailing action to be taken to improve the agencies' debt collection programs. OMB's Council on Integrity and Efficiency has given high priority and has committed $833 million in fiscal 1982 to strengthen the debt collection program in the Federal Government. The fact that the Administration has shown its interest by devoting additional resources to this area and emphasizing debt collection is a good indicator of its efforts to correct this longstanding problem. Quarterly reports to Treasury are already required and the second quarterly report should be available soon.

Passage of pending legislation--S. 1249 and comparable legislation pending in the House--is critical to removing many of the obstacles that now preclude agencies from using collection tools that are widely used in the private sector. In addition, for the Congress to exercise its oversight responsibility, it must be provided with timely and accurate information on the status of Federal agencies' and departments' efforts to collect debts owed the Government. Enactment of pending legislation will result in the Congress being provided with information it needs to monitor the agencies' progress in the collection of debts owed the Government. Additionally, the Administration has estimated that passage of debt collection legislation would result in an additional $500 million in collections in fiscal year 1983 and beyond.

Unpaid taxes

The fiscal year 1982 budget assumed that $210 million in unpaid taxes could be collected in 1982 by adding 600 staff.

Both we and the House Budget Committee then recommended an additional 900 staff be added to increase collections by another $300 million. The Office of Management and Budget stated that the addition of another 900 staff for the Internal Revenue Service (IRS) would not necessarily give the same return per staff year, because of the declining efficiency which usually results from an increasingly large bureaucracy.

The fiscal year 1983 budget anticipates revenues of $230 million will be achieved in fiscal year 1982. This $20 million increase is a result of a revised estimate.

In August 1981, the Congress passed legislation that set the interest rate at 100 percent of prime, up from 90 percent, and allowed for annual instead of biennial adjustments to the rate. The legislation also included a 25 percent penalty for taxpayers who claim fictitious deposits on their tax returns. We believe an additional $100 million will be collected annually in increased interest based on these changes. OMB staff informally agreed with this estimate but OMB did not officially include the interest receipts in the fiscal 1982 budget estimates.

A November 5, 1981, GAO report recommended changes to improve IRS' use of taxpayer financial information and to better manage its installment agreement, currently not collectible, and offer-in-compromise programs. IRS has taken actions to revise procedures for verification of return information and for management of the installment agreement program. IRS is also revising the Examination Division's procedures to emphasize examiner's solicitation of advance payment of delinquencies in all completed agreed cases, and is considering other changes such as referring taxpayers to the Collection Division with information on whether the taxpayer was contacted by the Examination Division. IRS has revised its guidelines on setting closing codes on accounts classified as currently not collectible to insure prompt follow-up on these cases and is developing more specific guidelines for office branches to use in processing delinquent accounts.

Given these changes in legislation and aggressive action by IRS, we believe collections of unpaid taxes could result in over $300 million in receipts in fiscal 1982 rather than the $230 million estimated by OMB.

Unresolved audit findings

The fiscal year 1982 budget included proposals to recover $530 million of the $2 billion in savings projected by both us and the Committee. The $530 million would be recovered as a result of followup actions by agency management. An additional $1.5 billion related to alleged oil pricing violations was determined to be uncollectible in fiscal year 1982 by OMB.

Implementation of the audit resolution program has been delegated to the Council on Integrity and Efficiency. The December, 1981 report of the Council indicated that $2 billion

has been saved through actions taken by agency Inspectors General in fiscal year 1981, including $406 million in recoveries and $1.7 billion in cost avoidance. However, actual savings are unknown. A system or mechanism for monitoring action and documenting savings still needs to be implemented.

The fiscal year 1983 budget indicates savings of $1 billion are anticipated in fiscal year 1982 as a result of the Administration's fraud, waste, and abuse program. OMB has based this estimate on the results of agency Inspector General efforts during fiscal year 1981. The $1 billion is a gross estimate reflected in the budget; however, it has not been distributed in agency budget totals. OMB has not prepared a break-out by agency. As was the case with the fiscal year 1981 estimate of recoveries, a large portion of the $1 billion figure can be attributed to cost avoidance. OMB did not project an amount of collections against the $1.5 billion in alleged oil pricing violations in fiscal year 1982, because historically, cash collections have been a very small portion of the alleged violations and the amounts settled usually have been resolved through price rollbacks rather than increased revenues to the Government. However, settlement negotiations are underway with some companies. It is too soon to estimate collections in this area, but actual data can be provided as refunds are made. We are currently monitoring disposition of refunds resulting from oil pricing violations.

Paperwork reduction

The Administration projected savings of $633 million in the fiscal year 1982 budget resulting from regulatory reform actions. This projection includes $220 million from Davis-Bacon Act changes which would eliminate the statutory requirement to submit weekly wage statements.

S. 3, introduced in the 97th Congress, provides for eliminating the weekly statement--a certification--of wages paid to each employee, but does not deal with the weekly submission of payroll records required by the Department of Labor's regulations. We suggested a revision to insure that submission of the payroll records be eliminated, but as of April 1, 1982, no substantive action has been taken.

Additionally, members of both the Senate and the House have introduced legislation to (1) repeal the Davis-Bacon Act, (2) rescind or modify the weekly payroll reporting requirements of the Copeland Anti-Kickback Act, and (3) repeal provisions of certain of the 77 related statutes which require use of the Davis-Bacon provisions on federally assisted construction projects. As part of the Omnibus Reconciliation Act of 1981, the Congress deleted the Davis-Bacon Act requirement from the Head Start Program (one of the 77 statutes--Head Start Economic Opportunity and Community Partnership Act of 1974).

As of April 1, 1982, the Department of Labor (DOL) was still

evaluating 3,000 comments received on changes to regulations it proposed in August 1981, which will reduce paperwork required under Government construction contracts. DOL has stated that its proposed revision will result in cost savings of $100 million annually by eliminating the requirement under the Copeland Anti-Kickback Act that the contractor send copies weekly of all payrolls to the contracting agency. The proposed rule would allow the contractor to submit a statement weekly certifying compliance with wage requirements, instead of submitting weekly payrolls. Agencies, however, could require the contractor to furnish payrolls upon request. DOL does not know when the proposed regulations will be made final and issued.

During the past year, OMB has also taken action to implement the Paperwork Act including:

--creating the Office of Information and Regulatory Affairs.

--issuing guidance documents to departments and agencies relating to (1) information collection budget activities, (2) designating single agency officials, and (3) submitting information collection requests.

--bringing all previously exempt or independent agencies, such as IRS, Securities and Exchange Commission, Commodity Futures Trading Commission, and the bank regulatory agencies, under OMB's clearance control process.

--assuring that all agencies have designated a senior agency official responsible for information resource management activities.

In addition, the Act requires OMB to have an operational Federal Information Locator System (FILS) by April 1, 1982. FILS is a critical management tool needed to identify and assist in eliminating duplication in Federal paperwork. To date, OMB has made slow progress and has not met this deadline. OMB appointed a FILS manager on December 7, 1981. A plan for FILS is currently being developed and an existing automated system is being tested. We are currently reviewing both FILS and the overall implementation of the Paperwork Act.

Defense logistical economies

Last year, both we and the House Budget Committee estimated $300 million in savings for logistical economies could be realized in fiscal year 1982, if DOD took immediate action to implement our audit recommendations. The Administration claimed that only $100 million could be saved in fiscal year 1982, and that this amount had been included in the fiscal 1982 budget.

Current DOD goals include savings of $75 million for fiscal year 1982. GAO believes that even further savings of $500 to $600 million annually in fiscal year 1983 and beyond could be achieved if DOD takes agressive administrative action. To date,

DOD has taken actions on some of our recommendations and has disagreed with others. Current estimates or goals for savings to be achieved through administrative improvements in fiscal year 1982 are as follows:

Table 2

Department of Defense
Fiscal Year 1982 Savings Goals
(dollars in millions)

Administrative Action	DOD Goal
Consolidate base support operations	$30
Consolidate supply activities	15
Consolidate management of depot maintenance	--
Single manager concept for transportation	--
Improve management of spare parts inventories	30
Total	$75 million

We believe that substantial additional savings are achievable in future years. However, it is doubtful that more can be achieved in fiscal year 1982 savings beyond DOD's goals. An explanation of the above savings estimates follows:

--Consolidate military base support activities. The Secretary of Defense, in a December 2, 1981, letter to the Comptroller General, agreed that consolidation of military base support activities could produce significant savings. Defense Retail Interservice Support Program consolidation studies have been initiated as a move in this direction. Additionally, DOD has established a savings goal of $30 million per year for Army, Navy, and Air Force collectively for fiscal years 1983-87. More can be done in this area and higher savings goals are necessary. The current goal represents less than 1 percent of the base operating support costs. We believe savings of $185 million annually are possible in fiscal year 1983 and beyond with increased DOD action.

--Consolidation of supply activities. On July 7, 1981, Deputy Secretary of Defense Frank Carlucci approved the transfer of 200,000 consumable items to the Defense Logistics Agency (DLA). This transfer is a test to determine the feasibility of the transfer proposal. The result of the test, including cost savings and supply performance, will be used in deciding whether to transfer the remaining consumables. DOD has estimated that savings of $15 million will be achieved in fiscal year 1982 as a result of the transfer test. Test results will be verified after October 1, 1982. DOD estimates total potential savings of $100 million annually if the remaining 1.1 million

consumable items are transferred to DLA. Transfer of the remaining items would be dependent upon test results and would be achieved in increments over the next 2 to 3 years.

--Consolidate management of depot maintenance. In March 1980, the Deputy Secretary of Defense directed an option paper to be prepared addressing the feasibility of establishing a single manager for aeronautical depot maintenance. According to DOD, the results of the review did not support a single manager approach. The centralization of field level maintenance was also rejected by DOD as a viable option.

In September 1981, the Aeronautical Task Force was established to oversee the Office of the Secretary of Defense's (OSD) continuing efforts towards improving the capability and efficiency of both organic and contracted depot maintenance for aeronautical systems as an alternative to consolidation. According to OSD, an important function of this management task force will be to review and approve both individual and joint service plans and to take the necessary followup actions to achieve their goals. However, the goals of the management task force have not been spelled out nor have milestones been established for completing of specific objectives. We strongly believe that the success of this task force is tied to immediately establishing program goals and milestones.

DOD anticipates no savings in fiscal year 1982 for this item. We estimate potential savings of $200 million annually are possible in fiscal year 1983 and beyond if the consolidation is effected.

--Application of a single manager concept to transportation. On September 16, 1981, the Deputy Secretary of Defense approved a plan by the Joint Chiefs of Staff to consolidate the Military Traffic Management Command and the Military Sealift Command. The target for this consolidation is October 1, 1982. Recent developments, however, indicate some footdragging on the issue by the Army and Navy. Neither seems ready to relinquish its prior responsibilities. The House Appropriations Committee Surveys and Investigations staff has identified potential savings of over $58.5 million annually in reduced personnel and facilities costs that can be achieved by consolidating transportation management for two of the three Services in fiscal year 1983 and beyond. In a December 1981 letter to us, DOD estimated the following savings could result from consolidations: (1) Personal Property Shipping Offices' continental U.S. consolidation has been completed and will result in a one time savings/cost avoidance of $3 million and annual recurring savings of $1.1 million; (2) Export Cargo Offering and Booking Offices' consolidation was effected October 5, 1981, and will result in annual recurring savings of $1.5 million in fiscal 1982 and beyond; and (3) Military

Sealift Command and Military Traffic Management Command consolidation is proposed for October 1, 1982, and would result in savings of about $10 million in fiscal years 1983 and beyond.

--Use wholesale and retail inventories of spare parts more effectively. DOD has initiated specific actions by each service to reduce total inventories and/or obtain better use of assets, which it estimates will result in one time savings of $30 million in fiscal year 1982 for the Army, Navy, and Air Force collectively.

A basic weakness in the management of spare parts inventories appears to be that DOD does not followup to assure that its policies are being effectively implemented. We have recommended in the past that DOD take action to assure its basic policies are being consistently and routinely implemented by the services. We believe vigorous action by DOD could result in savings of $100 to 200 million annually in fiscal year 1983 and beyond.

Based on DOD's assertions, $75 million in savings should accrue in fiscal year 1982.

Multiyear contracting

Last year, in response to estimates by both the House Budget Committee and us, OMB stated that savings through multiyear contracting did not appear achievable in fiscal years 1982-83. Candidate systems would be considered for multiyear procurement in the fiscal 1983 budget and this would result in larger near-term costs.

The Congress recently passed legislation which increases DOD's authority for multiyear contracting. This authority could result in substantial procurement savings over the long term and should be used whenever feasible and practical.

DOD has identified 17 potential candidates for multiyear contracting and the Congress has approved three and is reviewing a fourth. We are currently reviewing DOD's implementation of its enhanced multiyear contracting authority and we are analyzing the suitability of DOD-proposed candidates for multiyear contracting. It is too soon to project whether savings will accrue in fiscal year 1982 because of the length of time required for acquiring bids.

The Office of Federal Procurement Policy submitted a proposal for a uniform procurement system on February 26, 1982, which requests Government-wide multiyear contracting authority.

Full cost recovery of foreign military sales

Last year both we and the House Budget Committee identified annual savings of $300 million that could be achieved through

improved accounting practices and full cost recovery of foreign military sales (FMS). OMB said that this was not feasible and that the Administration's budget had already taken into account the effects of recoveries on bills owed by foreign governments.

The Congress felt further savings in this area were achievable and reduced DOD's fiscal year 1982 appropriations request by $82 million to insure savings. This amount, however, was $61 million less than the cut proposed by the House Appropriations Committee. The $61 million was restored because of the concern that DOD would be unable to recover the entire reduction from foreign customers before the fiscal year ends due to already negotiated commitments. As a result, DOD has modified its stock fund pricing and is considering a modification to its secondary item pricing policy. DOD has also recently established a quality assurance unit to monitor FMS pricing.

During fiscal year 1982, possible savings may also be realized through the Congress' increased efforts to monitor the granting of waivers for nonrecurring production or research and development costs of FMS items.

In addition, DOD is still unable to determine whether the surcharge on sales to foreign customers is sufficient to recover, as required by law, the full cost of administering the FMS program. Savings could be realized if DOD takes necessary actions to insure that all administrative costs of FMS are recovered from foreign countries. An adequate centralized accounting system for FMS is needed in DOD to better identify full costs required to be recovered.

Workforce cost controls

According to OMB, the fiscal year 1982 budget for major agencies included cuts of $78 million for travel and $42 million for consultants and management services.

Contracted workforce costs are not clearly identified as a result of the current budget classifications. In order to monitor costs and savings attributable to the contracted workforce, a change to current budget procedures is needed. To date, nothing has been done to modify budgeting and accounting procedures for contracted workforce costs. However, the Administration has aggressively taken action to reduce workforce costs by reducing Federal employment.

Government-wide procurement practices

Last year the Administration said it intended to proceed with proposals for a new procurement system. No savings were reflected in the budget for fiscal year 1982, however. Savings in this area are difficult to project because of the range of procurement possibilities and alternatives.

We believe the DOD has missed many opportunities to obtain competition. For example, a relatively recent GAO report (PLRD-81-45, July 29, 1981) disclosed that DOD failed to obtain available competition on about $289 million in new noncompetitive contracts in fiscal year 1979.1/ In addition, the Office of Federal Procurement Policy (OFPP) submitted a proposal for a uniform procurement system on February 26, 1982. OFPP claims its proposed system and recommended reforms will result in substantial savings and believes much of the savings will be a result of increased competition.

Replacement of obsolete computers

The fiscal year 1982 budget did not identify specific savings which would result from replacing obsolete computers. However, OMB agreed that some savings were possible. Some Federal agencies are replacing obsolete computers, but overall guidance is needed to assure sufficient progress will be made. GSA revised its procedures to facilitate replacement of obsolete equipment on January 15, 1981, but further guidance on economic obsolescence is needed. When such guidance is available, replacement plans and savings estimates can be developed. In short, little emphasis has been given to this problem.

SUMMARY

The Administration has continued to give high priority to efforts to collect debts and unpaid taxes owed the Government. Savings to be achieved as a result of resolution of unresolved audit findings and reduction of paperwork are difficult to estimate because of the lack of available data or systems to monitor progress and accurately measure the savings. We believe that considerable savings could be realized from improvements in Defense logistics, multiyear contracting, and foreign military sales. To the extent that DOD continues to disagree with our recommendations to take appropriate administrative action, these savings will not be realized. Finally, savings can be achieved in the area of Government-wide procurement if a uniform procurement system is created and competitive procurement in both DOD and the civil agencies is closley monitored.

1/The GAO report dealt only with first time noncompetitive buys in 1979 which represents $5.3 billion of a total of $39.5 billion in 1979 noncompetitive procurements.

ANALYSIS OF MANAGEMENT INITIATIVES IN THE FISCAL YEAR 1983 BUDGET

The management initiatives included in the fiscal year 1983 budget have the potential of reducing the budget deficit. The Administration has estimated that $20.3 billion in fiscal year 1983 savings are possible--including $14.8 billion in outlay reductions and $5.5 billion in increased tax receipts. Of the $20.3 billion in estimated savings, $3.9 billion, or about 19 percent, will require changes in legislation.

For the initiatives requiring administrative action, it is somewhat difficult to project whether the agencies will be able to achieve all of the projected savings. For example, several initiatives--Federal property disposition, accelerated OCS leasing, and improved asset sale management--are based on purchases by non-Federal buyers. Table 3 depicts fiscal year 1983 savings requiring administrative and legislative actions for each of the Administration's initiatives.

To achieve the $3.9 billion in savings that requires legislative action, the Congress will have to act on the following proposals:

--Debt collection legislation currently pending in the Congress will have to be enacted. S. 1249 has passed the Senate and comparable legislation is being considered in the House. The Administration projects that passage of this legislation could result in $500 million in fiscal 1983 savings.

--Amendments to the tax legislation will be needed to achieve increases of $3.4 billion in tax receipts. The Administration's legislative proposals include provisions to speed up collection of corporate taxes and to withhold taxes on interest and dividend earnings.

It is difficult to determine whether the Congress will approve these legislative proposals or how quickly they will pass.

DIFFICULTIES IN USING THE DATA AVAILABLE

There are several instances in which both the budget presentation and the budget data for the Administration's management initiatives create confusion. The lack of consistent presentation and lack of documentation and supporting evidence complicate analysis and verification of the projected savings and raise questions as to the validity of the estimates.

Examples of inconsistencies in presentation of data can be found between the Budget, Major Themes and Additional Budget Details, and the agency budget data. For example, the management initiatives are presented in summary and tabular form in chapter 3 of the Budget and discussions may or may not follow in

Table 3

Comparison of Fiscal Year 1983
Data on Management Initiatives
(dollars in millions)

Management Initiatives	Budget Presentation	Amount from Administrative Action	Amount from Legislative Action
Prevention of fraud, waste, and abuse	$ 1,000	$ 1,000	$ -----
Debt collection	1,000	500	500
Federal employment reduction	-----	-----	-----
Federal property disposition	1,000	1,000	-----
Accelerated OCS leasing	8,400	8,400	-----
Federal pay restraint	1,400	1,400	-----
Improved asset sale management	1,300	1,300	-----
Revised FHA mortgage insurance payments	700	700	-----
Subtotal	$14,800	$14,300	$ 500
Improved tax collection and enforcement:			
Speed up of corporate tax collection	1,400	-----	1,400
Withholding on interest and dividends	2,000	-----	2,000
Increased IRS enforcement and collections	2,100	2,100	-----
Subtotal	$ 5,500	$ 2,100	$ 3,400
Total	$20,300	$16,400	$ 3,900

the other chapters of the Budget. A discussion of some of the management initiatives is presented in chapter 8 of Themes. However, Themes does not include all of the nine initiatives addressed in the Budget and for some it uses different terminology. However, Themes may include more detail than does the Budget. For example, the discussions for debt collection and Federal property disposition are more detailed in Themes than in the Budget. Themes also includes reorganizations and other proposals beyond the nine initiatives included in the Budget.

Discrepancies in the fiscal year 1983 budget data are an even greater problem. The data presented in the Budget and the Themes document are inconsistent. For example, the Budget includes allowances of $1 billion for the debt collection program while Themes shows the $1 billion in allowances plus $1.35 billion in savings that have been distributed to agency accounts. Data on tax collections are also inconsistent. The Budget indicates that

increased IRS enforcement is projected to generate receipts of $2.1 billion in fiscal year 1983 (or $2.3 billion including receipts from implementation of the new automated followup system). Themes data indicates that $1.66 billion will be collected. The explanation in Themes states that increased collection staff will generate $1.4 billion in revenues and that automation of followup actions will increase collections by as much as $500 million annually. IRS has advised that fiscal year 1983 collections from the new system will be about $250 million and that data in the Budget is correct. Moreover, Themes contains data on fair market value sales as well as sales of property for a total of about $1.2 billion. The management initiatives table in the Budget only includes the $1 billion for property sales. Receipts data in the budget accounts listing of the Budget indicates an increase of $1.55 billion in fiscal year 1983.

In addition to inconsistencies in the data for some of the Administration's initiatives, detailed explanations of the estimates have not been provided for other initiatives. For example, we found no complete explanation of the savings projected for improved asset sale management in the Budget. While some data is provided for the other initiatives, further documentation by OMB is needed to validate these estimates.

The lack of strong supporting data for the Administration's estimates impedes the ability of the Congress to achieve budgetary decisions. Moreover, it delays the decisionmaking process and creates unnecessary confusion. We believe that the Congress needs explanatory data at the time the budget is released. A discussion of the fiscal year 1983 management initiatives and actions needed follows.

FEASIBILITY OF ACHIEVING SAVINGS THROUGH FY 1983 MANAGEMENT INITIATIVES

Estimates of savings that would result from management initiatives addressed in the fiscal year 1983 budget appear to be overstated. For example, estimates of revenues from sale of Federal property, accelerated OCS leasing, and mortgage asset sales would require a volume of activity well beyond historical trends. These revenue projections are also based on the ability of non-Federal buyers to support the increased sales. Additionally, OMB has not provided adequate explanation in the budget to support savings estimates for prevention of fraud, waste, and abuse; Federal property disposition; improved asset sale management; and revised FHA mortgage insurance payments. CBO has questioned $5.2 billion of the savings estimated to result from accelerated OCS leasing. The following discussion explains the Administration's estimates for each of the fiscal year 1983 initiatives and raises questions regarding their feasibility.

Prevention of fraud, waste, and abuse

The Administration projects that its program for prevention of fraud, waste, and abuse will result in outlay reductions of $1

billion annually. OMB officials have advised that the $1 billion in savings is a conservative annual gross projection, given its claim that $2 billion was saved over a 6-month period in fiscal year 1981. OMB did not prepare estimates by agency and has no supporting documentation for this estimate. Therefore, the $1 billion now proposed as an allowance in the budget should be considered a target and placed under some form of special control by OMB through the apportionment process and monitored closely by the Congress. We are currently reviewing several of the larger dollar items that make up the $2 billion in fiscal year 1981 savings claimed by OMB.

To date, the President has directed each department and agency head to designate a senior management official with personal responsibility to assure that audit recommendations are implemented. Federal agencies have designated these individuals, and OMB has met with them to emphasize the President's expectations. In addition, OMB is revising circulars A-50 and A-73 to recognize the role of Federal Inspectors General and strengthen procedures for followup and resolution of audit reports by executive branch agencies.

We believe that actual recoveries and costs avoided because of audit and other agency activities should be periodically reported to OMB in a format that directly relates to the budget process. In addition to Council on Integrity and Efficiency semiannual summary reports, individual agency reports could be prepared that tie savings to apportionment schedules.

Improved debt collection

For fiscal 1983, the Administration estimated that $1.35 billion in debts--accounts and loans receivable--that are now delinquent will be recovered through aggressive administrative actions by the Federal agencies. The $1.35 billion represents a reduction in outlays which has been distributed to agency accounts. Each agency has been given a collection target for fiscal 1983 and any failure to meet these targets will result in a reduction of the amount of funds an agency has available to spend. At the present time, OMB is developing a system to monitor agencies' efforts in meeting these targets.

Another $1 billion in estimated savings is anticipated in the fiscal 1983 budget but has not been distributed to agency accounts. OMB projects that these additional savings could be achieved primarily through enactment of the pending comprehensive debt collection legislation and through intensified Justice litigation efforts. Specifically, the Administration attributes $500 million of the additional $1 billion in estimated savings to be dependent on passage of debt collection legislation.

To date, responsibilities have been established in GAO, OMB, and the Departments of Justice and Treasury for improving debt collection. As new policies and procedures are implemented, the Department of Justice and we should continue to identify and make

necessary changes to the Federal Claims Collection Standards. The Department of Justice needs to develop specific plans for improving the debt litigation process so that large backlogs can be reduced. Additionally, agency Inspectors General need to continue to identify, both within their respective agencies and Government-wide through the Council on Integrity and Efficiency, debt collection improvements that should be instituted.

Passage of S. 1249 and accompanying House bills could remove many of the obstacles that now preclude agencies from using collection tools that are widely used in the private sector. The key features of the proposed legislation are (1) referring delinquent debtors to credit bureaus, (2) offsetting a Federal employee's salary and certain benefits to satisfy general debts owed the Government, (3) disclosing mailing addresses obtained from the Internal Revenue Service on delinquent debtors to private contractors for debt collection purposes, (4) clarifying that administrative set-off of delinquent debts owed the Government exists beyond the 6-year statute of limitations, (5) assessing interest on all debts owed the Government and penalties on those debts that are delinquent, and (6) reporting to the Congress on debt collection activities. Passage of the comprehensive debt collection proposals now under consideration would require a detailed annual report to the Congress on the status of agencies' debt collection efforts. This report will assist the Congress in evaluating the progress Federal agencies are making in collecting the billions of dollars owed the Government.

In addition to the provisions of S. 1249 and the accompanying House bills, we believe that legislation is needed to (1) provide for the offset of delinquent debts against Federal tax refunds due to debtors, and (2) provide for the full use of consumer reporting agencies in locating and obtaining financial information on debtors.

The debt owed the Government has been growing, but we believe that the Administration's debt collection estimates are achievable if the Federal Government commits itself to this effort and if the comprehensive debt collection legislation is enacted.

Federal employment reduction

The Administration has taken a series of actions, including instituting hiring freezes and lowering employment ceilings to reduce Federal employment. In part, these actions are related to program reductions, use of block grants in lieu of categorical grants, transfer of Federal activities to State and local governments, and deregulation. On September 24, 1981, the President announced a further employment reduction goal for the nondefense workforce of 75,000 employees between fiscal years 1982 and 1984. A reduction of 8 percent to 10 percent is anticipated for most Federal agencies. The Administration plans lesser reductions for the State Department, Veterans Administration medical care, tax collection, and law enforcement activities such as the Federal Bureau of Investigation. These reductions are being effected

through imposing lower personnel ceilings.

We beleve that personnel ceilings are not effective manpower controls because they limit management flexibility to plan and achieve work goals. Ceilings are also inefficient because they increase overtime use and contracting, they cause skill imbalances, and they may cause work and services to be deferred or cancelled. In the past, we have recommended replacing personnel ceilings with funding controls and we have suggested that the Congress should carefully assess the effect of personnel ceilings and cutbacks if it is to avoid reducing staff at the expense of effectively administering important programs.

We have found that widespread use of reductions-in-force leads to the same problems. In addition, reductions-in-force cause program disruption and lost productivity, earlier than normal retirement, and increased costs through severance pay, unemployment compensation, and lumpsum annual leave payments.

The budget indicates that 97 percent, or 72,500, of the 75,000 workyear reduction goal for the period 1982-84 has been allocated to the departments and agencies. This is projected to result in annual savings of $2.1 billion once the reductions are fully effective in 1985. While the detailed budget estimates for agencies and functions assume that Federal employment levels will stay constant beyond 1984, the allowance for Federal employment reduction indicates that savings would occur in fiscal years 1985 through 1987 from a reduction of 75,000 civilian agency employees. The budget indicates that the $2.1 billion will be saved annually as a result of this management initiative after fiscal year 1985. However, the budget also states that Federal outlays would be lowered by an estimated $700 million in 1985, $1.5 billion in 1986, and $2.3 billion in 1987. We have not validated the savings estimates and have not obtained explanations of the differences in these outyear estimates.

Last year the Administration presented savings estimates in the fiscal year 1982 budget relating to employment reduction proposals for fiscal years 1981 through 1986. A GAO audit found that OMB could not provide any documentation to support their projected fiscal year 1981 and 1982 savings or the extent to which they considered offsetting costs.

In order for the Congress to be able to make decisions about the budget's employment reduction proposals, it needs information on how these estimates relate to employment reductions in each agency for fiscal years 1982-87. Data is also needed on offsetting costs resulting from these employment reductions. These data are necessary both for validating the current OMB estimates and for adjusting the estimates over time as budgetary and legislative actions affecting the programs of these agencies are completed.

Federal property disposition

The President's proposal to undertake a concerted program to

improve Federal land management and to dispose of unneeded Federal property is a worthwhile and needed undertaking. The Administration's goal is to realize receipts from sale of GSA-managed property totaling $1 billion in 1983 and receipts from the sale of GSA-managed property plus the sale of land held by the Departments of Interior and Agriculture and the Army Corps of Engineers, totaling $4 billion annually beginning in 1984.

The fiscal year 1983 budget includes estimates of outlay reductions in the amount of $1 billion for Federal property disposition and $250 million for fair market value sale of excess property. These items are included in the General Services Administration's projections of fiscal year 1983 receipts.

In the 2-year period ending September 30, 1981, GSA's Office of Real Property disposed of real property with an estimated market value of around $280 million, or an average fair market value of about $140 million per year. GSA's actual receipts from these sales averaged $60 million annually. As means for increasing revenues in fiscal year 1983, the Administration proposes to eliminate all discounted transfers to Federal agencies and all no-cost conveyances to State and local governments and to require payment of the full fair market value on sales of excess real property. As a result, the Administration expects to generate revenues of $250 million in fiscal year 1983, or an increase of $190 million over the average sales of $60 million annually. According to the Administration, this is to be done entirely through eliminating transfers below market value under current laws and procedures for existing unneeded properties. The Administration is also proposing to sell excess GSA-managed property at a full fair market value of $1 billion. These two measures are projected to result in $1.2 billion in fiscal year 1983 receipts.

A number of factors bear on the validity of the estimated revenue for fiscal year 1983. For example, to increase revenue by $190 million in fiscal year 1983 by charging full fair market value would require not only the elimination of discounted or no-cost conveyances which have averaged about $80 million in the past 2 years, but would also require increasing the quantity or value of property sold by over $100 million. Moreover, to increase the sale of GSA-managed real property to $1 billion would represent a sevenfold increase in the amount of property disposed of by GSA. As a result, the amount of real property identified as candidates for sale would have to be substantially increased, thus requiring considerable Federal agency resources (either in-house or contracted out) to identify, appraise, and sell the property. GSA's budget for real property activities projects an increase of $1.8 million in fiscal year 1983 to handle appraisals and sales. GSA has advised that they anticipate a supplemental will be submitted requesting additional personnel and funding but that the increase in costs would be very small when compared to the increase in receipts.

In addition to these technical issues, some practical issues merit consideration. For example, if part of the revenue

increase is expected to come from property transfers to Federal agencies who would in the future be required to pay the full value for property received, then the sales would not result in net receipts by the Treasury in the same sense as if the receipts were from non-Federal governments or private parties. Any payment for property by a Federal agency would have to be paid from that agency's appropriation. Thus, there would be a disbursement equal to the receipt. Additionally, in the past, no-cost conveyances of real property to non-Federal recipients have sometimes been a way of providing Federal support to programs in lieu of direct Federal grants or expenditures. To the extent that Federal support of such programs will continue, reductions in no-cost conveyances could be offset by an increase in direct Federal expenditures. Moreover, it is uncertain whether local economies can absorb a multi-billion dollar annual Government disposal program and whether the Government can assure that it receives appraised fair market value for the sale of such a large amount of surplus real property.

We believe that the sale of unneeded real property can be a significant source of revenue for the Federal Government. Moreover, the proposed White House/Cabinet-level real property review board could significantly help in overseeing acquisitions. The Board could monitor and coordinate purchases to assure that only needed property is acquired and that utilization of current holdings is improved. The Board would also have authority to arbitrate disputes and rule on the disposition of properties that holding agencies may be reluctant to release and thereby help to alleviate this situation.

As indicated in the above discussion, we can identify an increase of about $1.2 billion in fiscal year 1983 receipts for the Federal property disposition initiative. However, we have some reservations as to whether the entire $1.2 billion can be realized. An additional explanation of the savings estimates for Federal property disposition and detail on the savings net of the costs of increasing the revenues is needed.

Accelerated OCS leasing

In July 1981, the Administration announced a proposed new 5-year offshore oil and gas leasing program designed to accelerate the leasing and inventorying of offshore lands for hydrocarbons. Under the proposed program, the Administration plans to hold more sales, offer more land for lease in each sale, and reduce the amount of time required to plan for sales. Revenues to the U. S. Government from offshore leasing and hydrocarbon production are expected to increase substantially as a result of the new program. Fiscal year 1983 revenues are projected to be $18 billion, an increase of about $10.2 billion over fiscal 1982 revenues. The Administration projects that $8.4 billion of this amount will result from the accelerated leasing program. We are currently reviewing these estimates in terms of the methodology and underlying assumptions.

We support reasonable efforts to accelerate leasing and development of hydrocarbons on offshore lands. We have made numerous recommendations in past reports to improve the efficiency and effectiveness of the program--many of these have been adopted by the Interior Department. While we are in favor of the overall thrust of the Administration's proposed program, we believe that serious pitfalls exist in implementing the proposed program--particularly the streamlining procedures.

In December 1981, we reported that Interior's planning for the new program fell short of what is necessary to clearly demonstrate that the new program can be successfully implemented. Specifically, we noted that Interior had not (1) detailed how the streamlining procedures were to be implemented in practice, (2) assessed the potential impacts of the program, nor (3) evaluated the Department's capabilities to handle the program. We also reported that at the same time the program is being accelerated, the Administration is reducing the staff-years 11 percent and appropriations 5.6 percent for this program.

A major factor that will affect the realization of fiscal year 1983 revenues is Interior's ability to hold lease sales as planned. Holding of the lease sales will depend upon public acceptance of the leasing program. Numerous statutes apply to OCS leasing. Examples are the OCS Lands Act Amendments of 1978, the National Environmental Policy Act, and the Coastal Zone Management Act. In the past, lease sale plans have been frequently disrupted due to litigation brought about by those questioning Interior's OCS leasing and development practices. Because of the major changes being made in the program by the Secretary, a new round of litigation may emerge once the final program is approved. If this should happen, fiscal year 1983 leasing plans, and the anticipated revenues, may not be realized. Another factor that could affect revenues, if sales can be held as planned, is industry's valuation of and willingness to lease offered land. Thus far, industry has indicated that it plans to accelerate leasing; however, we have reservations as to whether the $18 billion revenue projection is too high an expectation.

Federal pay restraint

The Administration has withdrawn the pay comparability reform proposal submitted to the Congress in February 1981 and is planning a 5 percent pay increase in fiscal year 1983 for Federal civilian employees as part of the overall effort to reduce Government spending. The Administration anticipates the Government will save $1.4 billion in fiscal year 1983 if the Congress agrees to limit the civilian pay increase to 5 percent rather than granting the 8 percent average pay increase anticipated for private sector employees.

The House Post Office and Civil Service Committee has recommended rejecting the President's 5 percent pay proposal. If the Congress decides to approve an 8 percent pay increase for Federal

civilian employees consistent with the private sector and military pay raise, the $1.4 billion in estimated savings will not accrue. To the extent that an increase of between 5 and 8 percent is agreed upon, savings in an amount less than $1.4 billion could be achieved. In contrast, however, some members of the Congress are suggesting that no pay raise be granted for Federal civilian employees in fiscal 1983. This could result in savings of about $3.7 billion compared to the Administration's savings proposal of $1.4 billion.

The pay system for Federal employees has consistently been used by the Presidents as a convenient means for reducing budget deficits. Our past reports have expressed concern over Presidents' use of the alternative plan authority to reduce or delay annual comparability adjustments and have repeatedly endorsed the concept of comparability for determining Federal employees pay. Even though the law (5 U.S.C. 5305) has established a policy that Federal employees should be paid salaries comparable to their private sector counterparts, they have not received full comparability raises in 5 of the last 7 years. Our reports have demonstrated that as a result, the Government has realized savings of at least $10 billion during this period.

Improved asset sale management

The Administration is proposing to sell all Federal mortgage assets beginning in fiscal year 1982. This is consistent with the policy, announced last fall, that the Government should not hold property or assets that it can dispose of or sell. As a result of the policy change, about $4 billion in mortgage assets will be offered for sale from fiscal year 1983 through 1987. Sales of assets are estimated at $1.3 billion in fiscal year 1983 including about $700 million in Department of Housing and Urban Development (HUD) mortgages and $600 million in Veterans Administration (VA) mortgages. Table 4 explains the receipts projected to accrue to agency accounts in fiscal 1983.

While the Government has sold mortgage assets in the past, sales under the improved asset sale management initiative reflect the Administration's decision to accelerate sales in this area and gradually sell all Government-held mortgages. These mortgages, which range from roughly 6 to 9 percent in interest rates, must be discounted by almost $1 billion so that they may be sold.

We have not developed estimates of revenues from sale of mortgage assets. Receipts from these sales, like those from excess property sales and OCS leasing, are dependent upon private sector willingness to purchase a much larger volume of Federal assets.

Revised FHA mortgage insurance premium payments

The Administration proposes to change the method for collecting insurance premiums on FHA-insured single-family mortgages. This would result in an estimated $700 million annually

Table 4

Estimate of Fiscal Year 1983
Mortgage Asset Sales
(dollars in millions)

Agency/Account	Mortgage Principal	Less Discount	Net Receipts
HUD			
Housing for the Elderly or Handicapped Fund 86-4115 (371)	$1,148	$-604	$ 544
Federal Housing Administration Fund 86-4070 (371)	171	- 47	124
Total, HUD	$1,319	$-651	$ 668
VA			
Loan Guaranty Revolving Fund 36-4025 (704)	677	-179	498
Direct Loan Revolving Fund 36-4024 (704)	229	-111	118
Total, VA	$ 906	$-290	$ 616
Grand total	$2,225	$-941	$1,284

in increased receipts for fiscal years 1983 through 1985, and about $600 million annually for fiscal years 1986 and 1987.

Under the current system, lending institutions collect monthly insurance premiums from the homebuyer and submit the collections to HUD annually. Because thousands of HUD's 4.9 million insured mortgages change ownership daily, HUD has difficulty identifying the proper lending institutions for billing. Consequently, HUD expends substantial effort and money trying to collect delinquent premiums of which significant amounts have been written off as uncollectible. We have issued several reports recommending ways HUD can improve its accounting and collection procedures. However, HUD has not fully implemented these recommendations--perhaps because of the nature of the problem itself. Nevertheless, losses are still occurring at an unacceptable rate.

The Administration proposes to eliminate these problems by requiring lending institutions, or the borrower, at the borrower's option, to make a one-time payment at settlement instead of making 30 separate payments over the 30-year mortgage. The one-time payment would be equal to the discounted present value of the

premiums that would normally be paid over the life of the mortgage. The average premium insurance payment is estimated to be $1,500. FHA will not require that the premium be added to the borrower's initial payment. Instead, the borrower would continue to pay the premium in the monthly payment, unless choosing to make the one-time payment. The difference between the discounted premium and the amount that would have been paid over the life of the mortgage would represent lending institutions' returns on investment. While the proposed change in the method of making premium payments would not require legislation, the Administration has proposed legislation to exempt the premium amount from the mortgage ceiling of $67,500, in case a buyer at this level wanted to finance the payment as part of the mortgage. No change in legislation is needed where mortgages are sufficiently below the ceiling or where the buyer chooses to make a larger down payment.

We believe the revision in the method of premium payments is reasonable. The change obviously will provide the Federal Government with immediate access to substantial funds. Additionally, we feel that this proposal may be applicable to programs other than FHA single-family. For example, HUD collects premiums for other programs, such as multifamily housing; therefore, applicability of this procedure and related savings could be further increased. In the past, we have informally suggested such changes in payment methodology to HUD officials.

A significant aspect of the collection problem that has not been emphasized in this proposal concerns accounting and collection procedures over premium payments made under the current system. The Administration states that these functions will be simplified and that administrative costs and the burden of monthly premium collections will be eliminated. This aspect is being handled under the debt collection program.

We generally agree with the direction of the Administration's proposal, but have not verified the estimated savings. The Budget documents do not contain sufficient data to validate the estimated savings for this initiative. In order for the Committee to be in a position to make an informed decision, additional data is needed.

Improved tax collection and enforcement

The Administration proposes to collect an additional $5.5 billion in tax revenues during fiscal year 1983 as a result of legislative changes and increased collection and enforcement activities. Specifically, increased revenues of $1.4 billion are projected as a result of legislation to speed up corporate tax collections; increased revenues of $2.0 billion are associated with a legislative proposal to withhold taxes on interest and dividends; and increased revenues of $2.1 billion are projected to result from increased IRS enforcement and collections.

The change in corporate income tax payments is proposed to preclude corporations from underpaying their taxes and to provide for earlier collection of tax revenues.

Under current law, corporations are generally required to make installment payments of estimated tax on the 15th day of the 4th, 6th, 9th, and 12th months of their tax year. Because estimated taxes are only estimates, a substantial deviation from tax liability is permitted before any penalties are applied for underestimating taxes. Given the ability of corporations to estimate their income on a monthly basis, there is no longer any reason to permit corporations to underpay their taxes by up to 20 percent without any penalty. A 10 percent deviation is sufficient to reflect the uncertainties of intra-year estimates.

According to the Administration's proposal, for tax years beginning after 1982, the required estimated tax payment for a corporation will be increased from 80 percent to 90 percent of its current year liability, and all of its remaining liability will be required to be paid in one payment on the 15th day of the third month (rather than half on the 15th day of the third month and half on the 15th day of the sixth month) following the close of its tax year. In addition, large corporations making estimated tax payments based on their prior year incomes or liabilities will be required to pay at least 85 percent of their current year liabilities in tax year 1985 and 90 percent thereafter. We believe this proposal has merit but we have not validated the savings estimates.

The Administration's proposal to withhold taxes on interest and dividends would also require a legislative change. Current law contains no requirement that tax be withheld on interest and dividend income paid to domestic taxpayers. Instead, payors of interest and dividends are required generally to file information returns reporting the amount of interest and dividend payments that aggregate $10 or more per person in a calendar year. There are no information return reporting requirments relating to coupon interest payments or original issue discount on corporate bearer obligations or interest on United States government obligations.

According to the IRS, compliance on underreporting of interest and dividends is a growing problem. For example, while individuals are estimated to underreport wage income by only 2 percent to 3 percent, the comparable figure for interest and dividend income is 9 percent to 16 percent. Even with the additional reporting requirements enacted in the Revenue Act of 1962, a number of taxpayers still fail to report and pay tax on about $20 billion of taxable dividends and interest.

As interest and dividends have increased as a share of individual incomes, the portion of individual incomes represented by wages has declined by at least an equivalent amount. As a result of this change in the composition of the Nation's income, taxpayer compliance overall has declined because a smaller portion of gross income is now subject to withholding.

The Administration proposes to withhold a flat rate of 5 percent from interest and dividend payments made to individuals.

This withholding is proposed to take place in generally the same manner that tax is presently withheld on wages. Recipients of interest and dividend payments subject to withholding will claim a credit on their tax returns for the withheld tax. Withholding agents will provide recipients with a statement that will show both the amount of interest and dividends paid during the year and the amount of tax withheld. A copy of this statement will also be filed with the IRS by the withholding agent. In addition, taxpayers, even if exempt from withholdings, will include a copy of each statement with their tax returns if they are otherwise required to file. This procedure is similar to that required for wage withholding statements.

The proposal further provides that depository institutions will be permitted to withhold once at the end of the year on passbook-type accounts and interest-bearing checking accounts so that a taxpayer who is entitled to do so may apply for a refund shortly after the time that tax has been withheld. Additionally, individuals will be able to make certain adjustments to avoid overwithholdings. Individuals who currently make estimated tax payments can reduce these payments by the amount of taxes withheld from their interest and dividend income. Certain individuals, including about 70 percent of the elderly, would be exempt from this withholding. Payments to corporations, including corporate nominees and corporate trustees, will also be exempt from withholding as will payments to tax-exempt organizations such as State and local governments, and entities exempt from tax under section 501(a).

As of September 30, 1981, unpaid taxes totaled $20.5 billion, an increase of 30 percent over the prior year and an increase of 54 percent over fiscal year 1979. This increase has occurred even though IRS is collecting more delinquent taxes each year. As a result, the Administration is proposing a 25 percent increase in collection staff. Table 5 contains supporting detail provided by IRS on fiscal year 1983 gross receipts, costs of collection efforts, and net savings. We believe the Administration's estimates of $2.3 billion in additional revenues from increased IRS enforcement and collection activities is reasonable, and possibly a little conservative, compared with the increase of 5,300 collection staff.

Table 5

FY 1983 Savings Estimates From Increased IRS Eforcement and Collections (dollars in millions)

Program/Account	Increased Receipts	Costs: New Staff	Costs: Estimated Staff Cost	Net Savings
Examinations-audit of returns 20-0913 (803)	$ 223	1,000	$ 25	$ 198
Appeals 20-0913 (803)	190	225	8	182
Investigation and collections 20-0914 (803)	1,663	4,000	121	1,542
Subtotal	$2,076	5,225	$154	$1,922
Automated tax system 20-0912 (803)	250	75	37	213
Total	$2,326	5,300	$191	$2,135

SUMMARY

Because sufficient explanation has not been provided to support $5.2 billion in receipt from OCS leasing, or 25.6 percent, of the Administration's savings estimates, it is difficult to ascertain the extent to which these savings will be realized. Additionally, $3.9 billion, or about 19.2 percent of the projected $20.3 billion in savings will require legislative action. The remaining $11.2 billion of the projected savings is dependent upon the success of administrative actions and the extent to which non-Federal buyers support sales of Federal property and mortgage assets and an acceleration in OCS leasing. Additionally, documentation is needed to support the savings estimates for four of the initiatives. We did not try to estimate how much of the savings for these four initiatives might be questionable. Table 6 breaks out the savings for each of the Administration's management initiatives and indicates the actions needed to achieve the savings.

Table 6

Projection of FY 1983
Achievable Savings
(dollars in millions)

Management Initiatives	Administration Estimate	Achievable Savings without Legislation	Achievable Savings with Legislation	Questionable Savings
Prevention of fraud, waste, and abuse	$ 1,000	$1,000 a/	-----	$-----
Improved debt collection	1,000	500	500	-----
Federal employment reduction	-----	-----	-----	-----
Federal property disposition	1,000	1,000 a/	-----	-----
Accelerated OCS leasing	8,400	3,200	-----	$5,200 b/
Federal pay restraint	1,400	1,400	-----	-----
Improved asset sale management	1,300	1,300 a/	-----	-----
Revised FHA mortgage insurance payments	700	700 a/	-----	-----
Subtotal	$14,800	$9,100	$ 500	$5,200
Improved tax collection and enforcement:				
Speed up of corporate tax collections	1,400	-----	1,400	-----
Withholding on interest and dividends	2,000	-----	2,000	-----
Increased IRS enforcement and collections	2,100	2,100		
	$ 5,500	$ 2,100	$3,400	----
Total	$20,300	$11,200	$3,900	$5,200

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a/Documentation needed.
b/Based on CBO estimate of $12.789 billion in FY 1983 OCS receipts; compared to the Administration's estimate of $17.962 billion.

LIST OF RELEVANT GAO REPORTS AND SUPPORTING DOCUMENTS

Debt and Tax Collection

GAO reports

IRS Can Improve Its Programs to Collect Taxes Withheld By Employers (GGD-78-14; February 21, 1978)

The Government Needs to do a Better Job of Collecting Amounts Owed by the Public (FGMSD-78-61; October 20, 1978)

SSA Needs to Improve Its Overpayment Collection Process to Collect the Maximum Possible Amount of Supplemental Security Income Overpayments from Recipients (HRD-79-21; January 16, 1979)

SSA Needs to Improve Its Recovery of Overpayments Made to Retirement, Survivors, and Disability Insurance Beneficiaries (HRD-79-31; January 17, 1979)

The Government Can Be More Productive in Collecting Its Debts by Following Commercial Practices (FGMSD-78-59; February 23, 1979)

Delinquent Debts Can Be Collected If the Government Kept Federal Tax Refunds as Offsets (FGMSD-79-19; March 9, 1979)

Action Being Taken to Correct Weaknesses in the Rehabilitation Loan Program (FGMSD-79-14; March 14, 1979)

Improvements in the Survey's Financial Management System Needed for Adequate Identification of All Oil and Gas Royalties Due (FGMSD-79-24; April 13, 1979)

Additional Changes Needed in Servicing and Accounting Activities to Reduce the Delinquency Rate and to Promptly Collect Funds from Mortgagors Due the Government (FGMSD-79-41; August 16, 1979)

HEW Must Improve Control Over Billions in Cash Advances (FGMSD-80-6; December 28, 1979)

Unresolved Issues Impede Federal Debt Collection Efforts--A Status Report (CED-80-1; January 15, 1980)

Delays in Implementing HUD's Accounting System for Its Mortgage Insurance Program (FGMSD-80-37; March 4, 1980)

Housing and Urban Development's Efforts to Improve Its Accounting System for Mortgage Insurance Premiums (FGMSD-80-27; March 19, 1980)

HUD Should Make Immediate Changes in Accounting for Secretary-Held Multifamily Mortgages (FGMSD-80-43; May 16, 1980)

Improved Controls to Increase Collections, to Restore Accounting System Integrity, and to Guard Against Future Problems Needed (FGMSD-80-46; June 4, 1980)

States Should Intensify Efforts to Promptly Identify and Recover Medicaid Overpayments and Return the Federal Share (HRD-80-77; June 10, 1980)

Oregon's Offset Program for Collecting Delinquent Debts Has Been Highly Effective (FGMSD-80-68; July 17, 1980)

New Formula Needed to Calculate Interest Rate in Unpaid Taxes (GGD-81-20; October 16, 1980)

Most Borrowers of Economic Opportunity Loans Have Not Succeeded in Business (CED-81-3; December 8, 1980)

Implementing GAO's Recommendations on the Social Security Administration's Programs (HRD-81-37; December 31, 1980)

Veterans Administration - Aggressive Action Needed to Strengthen Debt Collection (HRD-81-5; February 13, 1981)

Millions Written Off in Former Service Members' Debts--Future Losses Can Be Cut (AFMD-81-64; July 28, 1981)

Stronger Actions Needed to Recover $730 Million in Defaulted National Direct Student Loans (HRD-81-124; September 30, 1981)

Defaulted Title I Home Improvement Loans--Highly Vulnerable to Fraud, Waste, and Abuse (AFMD-82-14; December 7, 1981)

Government Loses Revenue Because of Low Medical Care Charges to Liable Third Parties (AFMD-82-2; December 16, 1981)

GAO testimony

Testimony before the Senate Committee on Governmental Affairs on Improving the Collection of Debts Owed the Government, April 23, 1981

Testimony before the Subcommittee on Oversight of the Internal Revenue Service, Senate Committee on Finance, July 20, 1981

Testimony before the Senate Committee on Governmental Affairs on the Health Professions and Nursing Student Loan Programs, December 8, 1981

Defense logistical economies

GAO reports

Aircraft Depot Maintenance: A Single Manager is Needed to Stop Waste (LCD-78-406; July 12, 1978)

Consolidating Military Base Support Services Could Save Billions (LCD-80-92; September 5, 1980)

Opportunities Still Exist for the Army to Save Millions Annually through Improved Retail Inventory Management (LCD-81-16; January 19, 1981)

Factors Influencing DOD Decisions to Convert Activities from In-House to Contractor Performance (PLRD-81-19; April 22, 1981)

Improved Management of Fleet Supplies and Spare Parts Can Save Millions Without Affecting Readiness (PLRD-81-59; September 11, 1981)

The Services Should Improve Their Processes For Determining Requirements for Supplies and Spare Parts (PLRD-82-12; November 30, 1981)

GAO testimony

Testimony by Werner Grosshans, Deputy Director, Procurement, Logistics and Readiness Division before the National Security and Veterans Task Force, House Committee on the Budget, March 10, 1981

Supporting documents

Letter to Secretary Weinberger from Comptroller General, dated January 21, 1981; Subject: "Proposed Agenda of Significant Management Improvements and Cost Reduction Opportunities--Department of Defense." Supplementary notes to the letter.

Insert for the record of House Budget Committee Task Force hearing on March 10, 1981; Subject: "Discussion of Opportunities for Cost Reduction--DOD"

Secretary of Defense press release dated March 6, 1981; Subject: "Summary of FY 1981-1982 Savings"

Report of Blue Ribbon Defense Panel dated July 1970

Study by Harbridge House, Inc., dated September 10, 1980

House of Representatives Report No. 97-333 on DOD Appropriation Bill 1982

Defense Audit Service Report No. 80-108, dated May 29, 1980

Letter to Comptroller General from Secretary Weinberger dated December 2, 1981

Federal employment reduction

GAO reports

Impact of Employment Ceilings on Management of Civilian Personnel (B-165959; April 30, 1971)

Reductions in Number of Civilian Employees (FPCD-75-129; January 7, 1975)

Personnel Ceilings: A Barrier to Effective Manpower Management (FPCD-76-88; June 2, 1977)

Personnel Restrictions in Federal Agencies: Need for Caution (FPCD-77-85; February 9, 1978)

Compilation of Recommendations to the Office of Management and Budget for Improving Government (GGD-77-85; September 13, 1977)

Federal Civilian Audit Organizations Have Often Been Unsuccessful in Obtaining Additional Staff (FGMSD-79-43; July 27, 1979)

Stronger Controls Needed Over Federal Agency Contracting for Moving and Labor Services (PSAD-80-76; September 29, 1980)

Improving the Credibility and Management of the Federal Work Force Through Better Planning and Budgetary Controls (FPCD-81-54; July 17, 1981)

Savings From 1981 and 1982 Personnel Ceiling Reductions (FPCD-82-23; January 15, 1982)

Federal pay restraints

GAO reports

Improvements Needed in the Survey of Non-Federal Salaries Used As Basis for Adjusting Federal Pay (B-167266; May 11, 1973)

Improving the Pay Determination Process for Federal Blue-Collar Employees (FPCD-75-122; June 3, 1975)

Need for a Comparability Policy for Both Pay and Benefits of Federal Civilian Employees (FPCD-75-62; July 1, 1975)

Federal White Collar Pay Systems Need Fundamental Changes-- (FPCD-76-9; October 30, 1975)

Policy of Paying Cost-of-Living Allowances to Federal Employees in Nonforeign Areas Should be Changed (FPCD-75-161; February 12, 1976)

Impact of Fair Labor Standards Act on Federal Employees and Agencies (FPCD-76-95; April 18, 1977)

Federal Compensation Comparability--Need for Congressional Action (FPCD-78-60; July 21, 1978)

Wages for Federal Blue-Collar Employees Are Being Determined According to the Law, But Improvements Are Needed (FPCD-80-12; October 29, 1979)

Determining Federal Compensation: Changes Needed to Make the Processes More Equitable and Credible (FPCD-80-17; November 13, 1979)

Total Compensation Comparability for Federal Employees (FPCD-80-82; September 5, 1980)

Problems in Developing and Implementing a Total Compensation Plan for Federal Employees (FPCD-81-12; December 5, 1980)

Federal Pay-Setting Surveys Could Be Performed More Efficiently (FPCD-81-50; June 23, 1981)

Federal property disposition

GAO reports

Numerous Issues Involved in Large-Scale Disposals and Sales of Federal Real Property (CED-82-18; December 11, 1981)

Further Improvements Are Needed in Amtrak's Passenger Service Contracts, But They Won't Come Easily (CED-81-35; September 11, 1981)

Federal Land Acquisition and Management Practices (CED-81-135; September 11, 1981)

National Direction Required for Effective Management of America's Fish and Wildlife (CED-81-107; August 24, 1981)

Delays in Disposing of Former Communication Sites in Alaska: Millions in Property Lost and Public Safety Jeopardized (PLRD-81-28; May 28, 1981)

The Department of Agriculture Can Minimize the Risk of Potential Crop Failures (CED-81-75; May 8, 1981)

Lands in the Lake Chelan National Recreation Area Should Be Returned to Private Ownership (CED-81-10; January 22, 1981)

Protection and Prompt Disposal Can Prevent Destruction of Excess Facilities in Alaska (LCD-80-96; September 12, 1980)

Misuse of Airport Land Acquired Through Federal Assistance (LCD-80-84; August 13, 1980)

Changes in Public Land Management Required to Achieve Congressional Expectations (CED-80-82; July 16, 1980)

Federal Drive to Acquire Private Lands Should Be Reassessed (CED-80-14; December 14, 1979)

GSA Real Property Disposal Procedures and Controls of Related Personal Property (LCD-79-321; September 12, 1979)

Misuse of Airport Land Acquired Through Federal Assistance (LCD-80-84; August 13, 1980)

Increasing Public Use and Benefits from Surplus Federal Real Property (LCD-78-332; September 12, 1978)

Veterans Administration Land Transfers to Medical School: Proprietary and Impact (HRD-77-105; June 3, 1977)

Foreign military sales

GAO reports

Defense's Continued Failure to Properly Price and Bill for Foreign Military Sales Has Resulted in Large Subsidies to Foreign Countries (FGMSD-79-51; August 25, 1978)

Defense is Not Required to Report to the Congress on the Value and Reason for Cost Waivers. Such Information would Strengthen Congressional Oversight and Control of the Sales Program (FGMSD-78-48A; September 26, 1978)

Correct Balance of Navy's Foreign Military Sales Trust Fund Was Unknown (FGMSD-79-12; November 15, 1978)

Defense Systems of Accounting for the Value of Foreign Military Sales Were Not Accurate and Needed Improvement (FGMSD-79-21; March 16, 1979)

Defense Had Not Charged for the Quality Assurance Services It Provides on Equipment Sold Other Countries (FGMSD-79-16; March 22, 1979)

Foreign Governments Had Not Been Charged Their Fair Share of Inventory Losses (FGMSD-79-31; May 15, 1979)

For Years, Defense Has Had Serious Accounting and Financial Management Problems in the Foreign Military Sales Program. As a Long-Term Solution, Defense Should Develop a Plan for Centralizing Accounting and Financial Management of the Program (FGMSD-79-33; May 17, 1979)

Defense Needed to Closely Monitor Actions to Charge Foreign Governments for the Use of Government-Owned Assets on Sale of Items from Inventory and to Strengthen Accounting and Billing Procedures (FGMSD-79-36; June 1, 1979)

Financial and Legal Implications of Iran's Cancellation of Its Arms Purchase Agreements (FGMSD-79-47; July 25, 1979)

Questions Concerning the Saudi Arabian Trust Fund, the Operation of All U.S. Military Sales Trust Funds, and the Need for a Central Clearinghouse for Controlling Disbursements from These Trust Funds (FGMSD-80-26; January 28, 1980)

Defense Could Not Provide Foreign Governments With an Accurate Accounting for Their Funds Deposited in Trust Accounts (FGMSD-80-47; June 3, 1980)

Improvements Are Needed in the Collection of and Accounting For Foreign Countries Funds Deposited in the United States for Arms Purchasers (AFMD-81-28; January 30, 1981)

Actions Are Needed to Correct Army Accounting System Weaknesses That Delay Billing and Collection for Foreign Sales (AFMD-81-61; April 30, 1981)

Defense Continues to Sell Items to Foreign Customers from Its Stock Fund Inventory for Less Than Estimated Replacement Cost (AFMD-81-62; September 10, 1981)

Defense Appropriations Were Used to Subsidize the Foreign Sales Program Because of Inadequacies in Estimating Replacement Costs of Secondary Items Sold from Inventory (AFMD-81-105; October 5, 1981)

Defense is Still Unable to Determine Whether the Surcharge on Sales to Foreign Customers is Sufficient to Recover, as Required by Law, the Full Costs of Administering the Foreign Sales Program (AFMD-82-10; February 2, 1982)

Supporting documents

Hearings before House Committee on Government Operations, May 6, 1981; Subject: DOD's Failure to Recover Nonrecurring Research, Development and Production Costs on Foreign Military Sales

Hearings before House Appropriations Committee, May 21, 1981; Subject: Better Accounting and Financial Management Needed to Eliminate Continued Foreign Military Sales Subsidies

Government-wide procurement practices

GAO reports

DOD Loses Many Competitive Procurement Opportunities (PLRD-81-45; July 29, 1981)

Effectiveness of the Defense Contract Audit Agency Can Be Improved (FGMSD-79-25; May 10, 1979)

Civil Agencies Can Do A Better Job of Negotiating Noncompetitive Contract Prices Over $100,000 (PSAD-79-93; August 21, 1979)

Supporting documents

Proposal for a Uniform Procurement System, Office of Federal Procurement Policy, October 29, 1981

Memorandum from Deputy Secretary of Defense, Frank Carlucci, dated April 30, 1981, on Acquisition Process Improvement Initiatives

Multiyear contracting

GAO report

Federal Agencies Should Be Given General Multiyear Contracting Authority for Supplies and Services (PSAD-80-54; January 10, 1978)

GAO testimony

Testimony by Assistant to the Comptroller General Thomas Morris, before the House Appropriations Committee, June 16, 1981

Testimony by Assistant to the Comptroller General Thomas Morris, before the House Government Operations Committee, June 22, 1981

Supporting documents

The documents referred to in "Defense Logistical Economies" also provide backup to the discussion on multiyear contracting.

Testimony of Mr. Walton Sheley before the House Budget Committee on March 10, 1981, regarding multiyear contracting

Public Law 97-114, Department of Defense Appropriation Act, 1982

OCS leasing

GAO reports

Impact of Regulations--After Federal Leasing--On Outer Continental Shelf Oil and Gas Development (EMD-81-48; February 27, 1981)

Issues in Leasing Offshore Lands for Oil and Gas Development (EMD-81-59; March 26, 1981)

Pitfalls in Interior's New Accelerated Offshore Leasing Program Require Attention (EMD-82-26; December 18, 1981)

Paperwork reduction

GAO reports

Department of Agriculture: Actions Needed to Enhance Paperwork Management and Reduce Burden (GGD-80-14; March 10, 1980)

Program to Improve Federal Records Management Practices Should Be Funded by Direct Appropriations (LCD-80-68; June 23, 1980)

Systematic Review for Declassification of National Security Information--Do Benefits Exceed Costs? (LCD-81-3; October 15, 1980)

Federal Records Management: A History of Neglect (PLRD-81-2; February 24, 1980)

The Trucking Industry's Federal Paperwork Burden Should Be Reduced (GGD-81-32; March 3, 1981)

Estimating Paperwork and Privacy Impacts of Proposed Legislation: A Checklist Approach (GGD-81-76; June 19, 1981)

Department of Agriculture Needs Leadership in Managing Its Information Resources (CED-81-116; June 19, 1981)

The Environmental Protection Agency Needs to Better Control Its Growing Paperwork Burden on the Public (GGD-81-40; May 15, 1981)

GAO testimony

Testimony by the Comptroller General on Implementation of the Paperwork Reduction Act before the Subcommittee on Legislation and National Security, House Committee on Government Operations; October 21, 1981

Supporting documents

Final Summary Report of the Commission on Federal Paperwork (October 3, 1977) - Contains Overall Findings and Recommendations and Summaries of 36 Individual Paperwork Studies

Senate Governmental Affairs Committee Report on the Paperwork Reduction Act of 1980 (September 8, 1980) - Includes Extensive List of GAO Studies on Paperwork and Other Issues Related to the Paperwork Reduction Act

Letter to Chairman Jack Brooks, House Committee on Government Operations, from Comptroller General concerning benefits available by implementing the Paperwork Act (B-199765; December 11, 1981)

Prevention of fraud, waste, and abuse

GAO reports

Federal Agencies Negligent in Collecting Debts Arising From Audits (AFMD-82-32; January 22, 1981)

Disappointing Progress in Improving Systems for Resolving Billions in Audit Findings (AFMD-81-27; January 23, 1981)

More Effective Action Is Needed on Auditors' Findings: Millions Can Be Collected or Saved (FGMSD-79-3; October 25, 1978)

Replacement of obsolete computers

GAO reports

Continued Use of Costly, Outmoded Computers in Federal Agencies Can Be Avoided (AFMD-81-9; December 15, 1980)

Supporting documents

President's Reorganization Project Summary Report, Information, Technology, and Government Reorganization (April 1979)

Revised FHA mortgage insurance premium payments

GAO reports

Action Being Taken to Correct Weaknesses in the Rehabilitation Loan Program (FGMSD-79-14; March 14, 1979)

Housing and Urban Development's Efforts to Improve Its Accounting System for Mortgage Insurance Premiums (FGMSD-80-27; March 14, 1980)

Unresolved audit findings

GAO reports

Problems in the Federal Energy Office's Implementation of Emergency Petroleum Allocation Programs at Regional and State Levels (B-178205; July 23, 1974)

Problems in the Federal Energy Administration's Compliance and Enforcement Effort (B-178205; December 6, 1974)

Problems of Independent Refiners and Gasoline Retailers (OSP-75-11; April 4, 1975)

Federal Energy Administration's Efforts to Audit Domestic Crude Oil Producers (OSP-76-4; October 2, 1975)

Improvements Needed in the Enforcement of Crude Oil Reseller Price Controls (EMD-79-57; May 29, 1977)

More Effective Action Is Needed on Auditors' Findings--Millions Can Be Collected or Saved (FGMSD-79-3; October 25, 1978)

Gasoline Allocation: A Chaotic Program in Need of Overhaul (EMD-80-34; April 23, 1980)

Disappointing Progress in Improving Systems for Resolving Billions in Audit Findings (AFMD-81-27; January 23, 1981)

Improved Administrative Practices Can Result in Further Budget Reductions (PAD-81-69; March 30, 1981)

Transportation Charges for Imported Crude Oil--An Assessment of Company Practices and Government Regulations (EMD-76-105; October 27, 1981)

Letter Report Regarding FEA's Compliance Program in the New England Area (EMD-77-71; November 7, 1981)

Federal Agencies Negligent in Collecting Debts Arising from Audits (AFMD-82-32; January 22, 1982)

Department of Energy Has Made Little Progress Toward Resolving Alleged Crude Oil Reseller Pricing Violations (EMD-82-46; in process)

GAO testimony

Statement of Elmer B. Staats, Comptroller General before the Subcommittee on Legislation and National Security, House

Comittee on Government Operations; "Federal Agencies' Action to Improve Audit Resolution Systems" (February 25, 1981)

Statement of J. Dexter Peach, Director, Energy and Minerals Division, before the Subcommittee on Oversight and Investigation, House Committee on Energy and Commerce (April 2, 1981)

Statement of Charles A. Bowsher, Comptroller General, before the Subcommittee on Government Operations, Committee on Government Operations (February 24, 1982)

Statement of J. Dexter Peach, Director, Energy and Minerals Division, before the Subcommittee on Oversight and Investigations, House Committee on Energy and Commerce (March 1982)

Supporting documents

Fraud, Waste, and Abuse--A Summary Report of Inspectors General Activities, FY 1981 II

Workforce cost control

GAO reports

Personnel Ceilings: A Barrier to Effective Manpower Management (FPCD-76-88; June 2, 1977)

Federal Work Force Planning: Time for Renewed Emphasis (FPCD-81-4; December 30, 1980)

Improved Administrative Practices Can Result in Further Budget Reductions (PAD-81-69; March 30, 1981)

Improving the Credibility and Management of the Federal Work Force Through Better Planning and Budgetary Controls (FPCD-81-54; July 17, 1981)

Savings from 1981 and 1982 Personnel Ceiling Reductions (FPCD-82-23; January 15, 1982)

GAO testimony

Comptroller General before the Subcommittee on Human Resources, House Committee on Post Office and Civil Service, September 11, 1979

Comptroller General testimony before the House Budget Committee, March 3, 1981

Supporting documents

Comments on H.R. 4717, Hearings before the Subcommittee on Human Resources of the Committee on Post Office and Civil Service, House of Representatives, September 11, 1979

Comments on S. 2880, June 26, 1980, Budget Identification and Justification of Goods and Services Purchased from Private Contractors

General correspondence

Letter to Chairman Jones, House Budget Committee, from David Stockman, dated April 9, 1981; Subject: "OMB's Views on the Committee's Recommendations for Savings Through Changes in Administrative Practices"